

Paperchase gifted bumper savings

CLIENT:	Paperchase
SECTOR:	Stationery
COST CATEGORIES:	Merchant Card Fees, Contract Cleaning, Cash-in- Transit, Lease Service Charge, Waste, In-store

Paperchase accepted all recommendations from Expense Reduction Analysts and realised a huge 70.8% in savings.

THE CLIENT

Paperchase is the UK's undisputed leader in innovative, design-led stationery, cards and gift-wrap. The company has been in business since 1968 and is now firmly established as the top destination for customers looking for new and different gifts, cards and stationery.

THE CHALLENGE

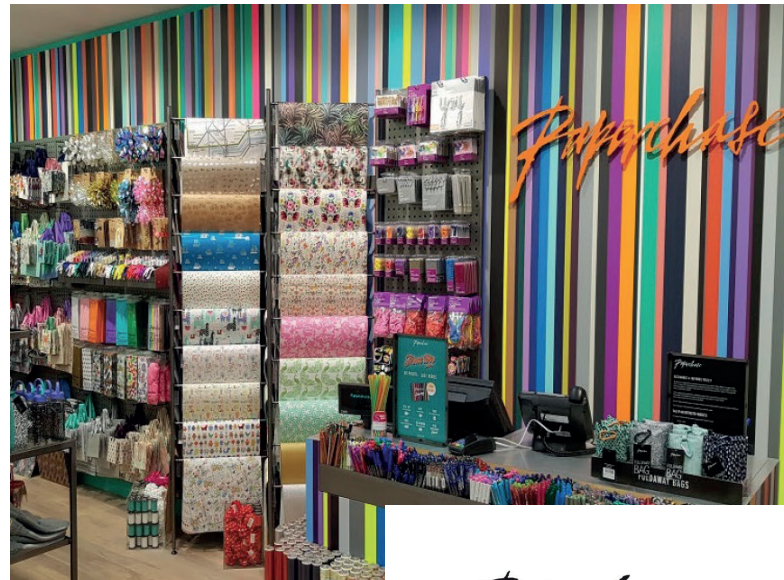
Andrew Lees of Expense Reduction Analysts, Lead Consultant on the Paperchase partnership, reviews the project so far: "The categories of expenditure that David Bateman asked me to analyse were wide-ranging so I was fortunate to be able to call upon the expert services of my colleagues, whose vast experience in their respective areas was crucial to the analysis of Paperchase's existing spend and the recommendations on its enhancement.

"Hartley Jenkinson realised savings on Merchant Card Fees; Steve Clamp undertook Contract Cleaning; Sue Carbin reviewed In-store Music and Cash-in-Transit; Pete Bramhall worked on Waste; and we also identified substantial refunds due on double payments for Lease Service Charges.

Music is an important part of Paperchase's in-store ambience and their spend on it is split between the licence fees payable to PRS (Performing Right Society) and PPL (Phonographic Performance Limited), and the rental of players and the provision of copyright music. Sue Carbin recommended upgrading the technology to a network solution, tendering to the market for more competitive rates on players and music provision, and, crucially, she suggested Paperchase consider playing non-copyright music.

SUMMARY OF SAVINGS

Merchant Cards Fees	5-10%
Contract Cleaning	17%
Cash-in-Transit	58.7%
Waste	15.7%
In-store Music	70.8%



Paperchase

"Expense Reduction Analysts have delivered material savings in most of the areas I have asked them to examine. Their recommendations on our procurement of in-store music, in particular, stand out and prove their ability to think outside the box."

DAVID BATEMAN
CHIEF FINANCIAL AND OPERATING OFFICER,
PAPERCHASE PRODUCTS LIMITED

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Paperchase accepted all of these recommendations and realised a huge 70.8% saving. An additional benefit is that the system is flexible enough for Paperchase to continue to be able to play copyright Christmas music in their busiest month of December.

ONLY PAYING FOR THE SERVICE THAT THEY NEED

Cash-in-Transit also realised major savings through ERA introducing Paperchase to a new, more flexible national player. Previously, cash would be collected from and delivered to each store twice a week, whether this was required or not; now there is the option to modify this schedule according to Paperchase's needs and trading patterns, and a lower tariff per delivery into the bargain. Steve Clamp reviewed Contract Cleaning, where one supplier was providing threequarters of the work. Putting this out to tender, ERA insisted that all of the prospective suppliers make site visits, so that they could understand Paperchase's needs in detail and therefore have the maximum opportunity for identifying the efficiencies that could be made. In the end, it was decided to give the major incumbent the whole contract, a move which has resulted in a smooth transition, significant savings and administrative streamlining.

The final category was Waste. Pete Bramhall outlines what happened, "I was able to save Paperchase 15.7% on Waste even though they decided to stay with the incumbent supplier. One important recommendation I did make was to change the contract renewal date.

It used to be 1st December - Paperchase's busiest time - which impacted on their willingness to consider alternatives to the incumbent. I arranged an 18-month initial contract, so that the renewal will now fall in the summer, when the business will have more time to consider the best way forward."

ONLY PAYING FOR THE SERVICE THAT THEY NEED

ERA also helped Paperchase to develop their backhauling system whereby trucks delivering to the stores take recyclable materials - cardboard, paper, polythene - back to the distribution centre where it is baled and sold. By identifying improvements in the way in which these materials are captured and stored, and by helping Paperchase to procure a more efficient baler, ERA has enabled the system to be rolled out to a much wider range of stores than was previously possible.



Andrew Lees summarises the Paperchase partnership, "It is not just the savings that are important in a relationship like this, but also the added value that we can bring.

Sue's recommendation to consider non-copyright music, Steve streamlining Contract Cleaning, Pete negotiating the contract renewal away from Paperchase's busiest time of year and helping the company to develop their invaluable backhauling initiative - all of these activities prove that Expense Reduction Analysts is about a lot more than squeezing margins."

David Bateman, Chief Financial and Operating Officer at Paperchase, agrees, "I believe that the Expense Reduction Analysts team are experts in their own fields and they bring an impressive attention to detail and market insight to the task. They have contributed significantly to the transformation of a number of aspects of our business and I'm grateful for that."